

Company Registration No. 4345895 (England and Wales)

ALIGN TECHNOLOGY UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



ALIGN TECHNOLOGY UK LIMITED

COMPANY INFORMATION

Directors	J Mosley G Laks P Dicochea (Appointed 7 April 2006)
Secretary	J Mosley
Company number	4345895
Registered office	82-84 High Street Stony Stratford Milton Keynes Buckinghamshire MK11 1AH
Auditors	Alliotts 10 College Road Harrow Middlesex HA1 1DN
Business address	82-84 High Street Stony Stratford Milton Keynes Buckinghamshire MK11 1AH

ALIGN TECHNOLOGY UK LIMITED

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ALIGN TECHNOLOGY UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company continued to be that of dental technicians providing marketing support to the parent company in respect of the UK market.

Directors

The following directors have held office since 1 January 2005:

J Mosley

G Laks

P Dicochea

(Appointed 7 April 2006)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 December 2005	1 January 2005
J Mosley	-	-
G Laks	-	-

Auditors

Alliotts were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

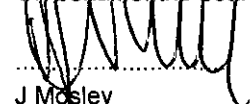
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



J Mosley

Director

13 July 2006

ALIGN TECHNOLOGY UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALIGN TECHNOLOGY UK LIMITED

We have audited the financial statements of Align Technology UK Limited for the year ended 31 December 2005 set out on pages 4 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ALIGN TECHNOLOGY UK LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF ALIGN TECHNOLOGY UK LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended ; and
- have been properly prepared in accordance with the Companies Act 1985.



Alliotts

Chartered Accountants
Registered Auditor

31 August 2006
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10 College Road
Harrow
Middlesex
HA1 1DN

ALIGN TECHNOLOGY UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover		534,224	576,143
Administrative expenses		(497,693)	(537,424)
Operating profit	2	36,531	38,719
Other interest receivable and similar income	3	1,505	778
Profit on ordinary activities before taxation		38,036	39,497
Tax on profit on ordinary activities	4	(11,748)	(11,946)
Profit for the year	12	26,288	27,551

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ALIGN TECHNOLOGY UK LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	5		8,004		7,421
Current assets					
Stocks		-		7,262	
Debtors	6	59,643		397,191	
Cash at bank and in hand		49,667		9,518	
		109,310		413,971	
Creditors: amounts falling due within one year	7	(44,079)		(43,608)	
Net current assets			65,231		370,363
Total assets less current liabilities			73,235		377,784
Creditors: amounts falling due after more than one year	8		-		(330,480)
Provisions for liabilities	9		(1,646)		(2,003)
			71,589		45,301
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account	12		71,587		45,299
Shareholders' funds	13		71,589		45,301

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board and authorised for issue on 10.5.42006

J Mosley
Director

P Dicochea
Director

ALIGN TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for services net of Value Added Tax.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	20 % on net book value
Fixtures, fittings & equipment	25 % on net book value

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Work in progress is valued at the lower of cost and net realisable value.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

2 Operating profit	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	1,800	1,930
Operating lease rentals		
- Plant and machinery	7,869	4,239
Auditors' remuneration	4,000	4,000
Directors' emoluments	107,160	126,121

ALIGN TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

3	Investment income	2005	2004
		£	£
	Bank interest	1,505	778
		<u>1,505</u>	<u>778</u>
4	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	13,527	11,946
	Adjustment for prior years	(1,422)	-
		<u>12,105</u>	<u>11,946</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	(357)	-
		<u>11,748</u>	<u>11,946</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	38,036	39,497
		<u>38,036</u>	<u>39,497</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	11,411	11,849
		<u>11,411</u>	<u>11,849</u>
	Effects of:		
	Non deductible expenses	2,915	687
	Depreciation add back	540	579
	Capital allowances	(252)	(1,152)
	Other tax adjustments	(2,509)	(17)
		<u>694</u>	<u>97</u>
	Current tax charge	<u>12,105</u>	<u>11,946</u>

ALIGN TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2005	11,915
Additions	2,383
	<hr/>
At 31 December 2005	14,298
	<hr/>
Depreciation	
At 1 January 2005	4,494
Charge for the year	1,800
	<hr/>
At 31 December 2005	6,294
	<hr/>
Net book value	
At 31 December 2005	8,004
	<hr/>
At 31 December 2004	7,421
	<hr/>

6 Debtors	2005 £	2004 £
Trade debtors	-	382,721
Amounts owed by group undertakings and undertakings in which the company has a participating interest	52,790	-
Other debtors	6,853	14,470
	<hr/>	<hr/>
	59,643	397,191
	<hr/>	<hr/>

7 Creditors: amounts falling due within one year	2005 £	2004 £
Trade creditors	-	10,329
Amounts owed to group undertakings and undertakings in which the company has a participating interest	780	-
Taxation and social security	21,365	20,167
Other creditors	21,934	13,112
	<hr/>	<hr/>
	44,079	43,608
	<hr/>	<hr/>

ALIGN TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8	Creditors: amounts falling due after more than one year	2005 £	2004 £
	Other creditors	-	330,480
		<u>-</u>	<u>330,480</u>
	Analysis of loans		
	Wholly repayable within five years	-	330,480
		<u>-</u>	<u>330,480</u>
	Loan maturity analysis		
	In more than one year but not more than two years	-	330,480
		<u>-</u>	<u>330,480</u>

9	Provisions for liabilities and charges	Deferred tax liability £
	Balance at 1 January 2005	2,003
	Profit and loss account	(357)
		<u>1,646</u>
	Balance at 31 December 2005	<u>1,646</u>

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	1,646	2,003
	<u>1,646</u>	<u>2,003</u>

10 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2005 £	2004 £
Contributions payable by the company for the year	16,354	13,218
	<u>16,354</u>	<u>13,218</u>

ALIGN TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

11 Share capital	2005	2004
	£	£
Authorised		
1,000 Ordinary Shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
2 Ordinary Shares of £1 each	2	2
	<u> </u>	<u> </u>
12 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 January 2005		45,299
Profit for the year		26,288
		<u> </u>
Balance at 31 December 2005		71,587
		<u> </u>
13 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the financial year	26,288	27,551
Opening shareholders' funds	45,301	17,750
	<u> </u>	<u> </u>
Closing shareholders' funds	71,589	45,301
	<u> </u>	<u> </u>

14 Financial commitments

At 31 December 2005 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2006:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	5,258	-
Between two and five years	7,900	7,900	5,819	5,258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	7,900	7,900	11,077	5,258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

ALIGN TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

15 Control

The ultimate parent company and ultimate controlling party is Align Technology Inc which is registered in the United States of America. Copies of the financial statements can be obtained from Align Technology Inc, 881 Martin Avenue, Santa Clara, California, 95050.

16 Related party transactions

During the year the company made sales to Align Technology GmbH, an associated company, totalling £534,224 (2004 £579,807). The group company debtor at the year end was £52,790 (2004 £nil). During the year a group loan of £330,480 was repaid in full.